

IMPLEMENTATION AND PERFORMANCE OF PLAN MANAGEMENT FUNCTIONS

**STATE CORPORATION COMMISSION
BUREAU OF INSURANCE
JANUARY 2014**

Executive Summary

In 2013, the Virginia General Assembly enacted House Bill 1769 and Senate Bill 922,¹ creating § 38.2-326 of the Code of Virginia. This provision directs the State Corporation Commission (SCC), with the assistance of the Virginia Department of Health, to perform plan management functions required to certify health benefit plans and stand-alone dental plans for participation in the federal health benefit exchange, provided certain funding, technology, and other conditions are met. Pursuant to that directive, the SCC engaged in the following activities during 2013:

- The SCC was awarded a federal grant in the amount of \$1,247,402 for work performed during the grant period of July 9, 2013, through July 8, 2014, and for expenses incurred 90 days prior to the date of the award.
- SCC staff maintained monthly records of the costs associated with plan management activities beginning with April 2013, concurrent with the 90-day pre-award period. Total expenses incurred for the period of April 1, 2013 through December 31, 2013, were \$479,481.71.
- The SCC received start-up funds of \$200,000 from Virginia's general fund to use until federal funding was received; the general fund in fiscal year 2013 has now been reimbursed. For fiscal year 2014, \$1.2 million was appropriated from the general fund to be used to pay for plan management expenses. The SCC is reimbursing the general fund on an ongoing basis as federal funds are received.
- The SCC's Bureau of Insurance recommended certification of health plans for the federal exchange, including plans from 8 health insurance carriers for the individual market and plans from 5 health insurance carriers for the small group market.
- The SCC's Bureau of Insurance recommended that numerous stand-alone dental plans be federal exchange-certified, including plans from 7 dental insurance carriers for the individual market and plans from 13 dental insurance carriers for the small group market.

¹ 2013 Va. Acts. Ch. 670 and 679.

Introduction

In 2013, the Virginia General Assembly enacted House Bill 1769 and Senate Bill 922, creating § 38.2-326 of the Code of Virginia. This provision directs the State Corporation Commission (SCC), with the assistance of the Virginia Department of Health (VDH), to perform plan management functions required to certify health benefit plans and stand-alone dental plans for participation in the federal health benefit exchange (HBE) established by the U.S. Secretary of Health and Human Services (HHS) pursuant to § 1321 of the Patient Protection and Affordable Care Act (ACA), provided certain funding, technology, and other conditions are met. Subsection F of § 38.2-326 directs the SCC to make available to the public on its website a written report on the implementation and performance of its plan management functions during the preceding fiscal year, including, at a minimum, the manner in which all funds utilized for its plan management functions were expended.

As specifically identified in § 38.2-326, the term “plan management functions” includes the analyses and reviews necessary to support the certification, recertification and decertification of qualified health plans (QHPs) and stand-alone dental plans for the federal health benefit exchange, including all form and rate reviews and market analyses of such plans.

Plan Management Grant

The legislation made the SCC’s obligation to perform plan management functions contingent upon receipt of federal funding sufficient to pay the operating expenses necessary to carry out these functions. As a result, the SCC applied for and was awarded a federal grant in the amount of \$1,247,402 from HHS to cover operating expenses for plan management functions, including analyses, reviews and recommendations of plans for approval by HHS to be included in the federal HBE.

In addition to salary and fringe benefit costs for SCC employees working on plan management and related functions (legal, grant administration, accounting, etc.), the SCC allocated grant funds to cover actuarial consulting costs associated with the review of forms and rates for QHPs; Virginia’s allocated portion of costs associated with enhancements to the National Association of Insurance Commissioners (NAIC) System for Electronic Rates and Forms Filings (SERFF), the system utilized by regulators and carriers nationally for form and rate filings, in support of plan management functions; travel associated with plan management activities; and the cost of a few additional laptop and desktop computers and printers to accommodate the increased workload resulting from the plan management activities.

SCC staff has maintained monthly records of the costs associated with plan management activities beginning with April 2013, concurrent with the pre-award funding received through the federal grant award, as noted above. As was expected, the highest costs were incurred during the period of review of the various QHP submissions of forms and rates. It is anticipated that this cycle of increased expenditures during the period of high volume QHP submissions and review will continue; however, it is

anticipated that overall plan management expenses will decline as the processes become more streamlined.

Total expenses incurred for the period of April 1, 2013 through December 31, 2013, were \$479,481.71.

The SCC received start-up funds of \$200,000 from Virginia's general fund to use until federal funding was received; the general fund in fiscal year 2013 has now been reimbursed. For fiscal year 2014, \$1.2 million was appropriated from the general fund to be used to pay for plan management expenses. The SCC is reimbursing the general fund on an ongoing basis as federal funds are received.

QHP Certification Activities

Upon completion of its reviews of the various QHP submissions made by carriers, the SCC's Bureau of Insurance (BOI) recommended QHP certification for health plan submissions from a number of carriers, in either or both the individual and small group market, the latter of which is known as the SHOP market. The following is an identification of the carriers and the associated markets for which their health plans were recommended for QHP certification for 2014:

Company	Individual Market	Small Group Market(SHOP)
Aetna Life Insurance Company	X	
CareFirst BlueChoice, Inc.	X	X
Coventry Health Care of Virginia, Inc.	X	
Group Hospitalization and Medical Services, Inc. (CareFirst Blue Cross Blue Shield)	X	X
HealthKeepers, Inc.	X	X
Innovation Health Insurance Company	X	
Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.	X	X
Optima Health Plan	X	X

Note: Piedmont Community Health Care submitted plans that the Commission recommended for QHP certification but later withdrew from the individual and small group (SHOP) federal exchange markets for 2014.

Stand-Alone Dental Plans

Beginning in 2014, health plans offering coverage in the individual and small group markets in Virginia are required to offer essential health benefits that are similar to the supplemented benchmark plan for Virginia, with the exception of pediatric dental essential health benefits. Medical plans offered on and off the exchange might not include pediatric dental essential health benefits. Outside of the individual exchange or SHOP, if the medical coverage purchased does not include pediatric dental essential health benefits, HHS requires that the consumer certify upon applying for coverage that he or she has obtained pediatric dental coverage from an exchange-certified stand-alone dental plan. A stand-alone dental plan does not need to be purchased on the exchange or SHOP to be exchange-certified. Some stand-alone dental plans will offer exchange-certified plans, but will not participate on the exchange or SHOP in Virginia. The BOI recommended stand-alone dental plans from the following carriers to be exchange-certified:

Company	Exchange Participation	Individual Market	Small Group Market (SHOP)
Ameritas Life Insurance Corporation	Off Exchange Only		X
Anthem Health Plans of Virginia, Inc.	On and Off Exchange	X	X
Delta Dental of Virginia	Off Exchange Only		X
DentaQuest Virginia, Inc.	On and Off Exchange	X	X
Dentegra Insurance Company	On and Off Exchange	X	X
Dominion Dental Services, Inc.	On and Off Exchange	X	X
Group Hospitalization and Medical Services, Inc. (CareFirst Blue Cross Blue Shield)	On and Off Exchange	X	X
Metropolitan Life Insurance Company	On and Off Exchange		X
Renaissance Life and Health Insurance Company of America	Off Exchange Only	X	X
Standard Insurance Company	Off Exchange Only		X
The Guardian Life Insurance Company of America	On and Off Exchange		X
The Lincoln National Life Insurance Company	Off Exchange Only		X
United Concordia Insurance Company	On and Off Exchange	X	X

Delta Dental had submitted stand-alone dental plans for exchange certification, but the company later made the decision to withdraw its stand-alone dental plans from the federal exchange.